

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:

**FHL, INC
GLOBAL FIRST, INC.
AUTAUGA WATER BOTTLING, INC.
ATAGI, INC.
HARRY JAMES WALKER
CHRISTOPHER LEE YANNON**

RESPONDENTS

**ADMINISTRATIVE ORDER
NO. CD 2015- 0016**

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. **FHL, INC.** ("FHL") is a foreign corporation, incorporated on October 10, 2011 in the Republic of Panama. **FHL** was registered as a foreign corporation with the Alabama Secretary of State on July 25, 2013. In its Alabama filing, **FHL** lists a principal office address of Dorado Mall Building, Primer Alto, Suites 26 and 27 Bethania, Panama City, Republic of Panama; and a mailing address as 301 Clematis Street, Suite 3000, West Palm Beach, FL 33401.

2. **GLOBAL FIRST, INC.** ("GLOBAL FIRST") is a foreign corporation, incorporated in the State of Nevada on March 19, 2012. **GLOBAL FIRST** was registered as a foreign corporation with the Alabama Secretary of State on June 27, 2012. In its Alabama filing, **GLOBAL FIRST** lists its principal business and mailing address as 297 Kingsbury Grade MB 4470 Stateline, NV 89449.

3. **AUTAUGA WATER BOTTLING, INC. ("AUTAUGA BOTTLING")**, is a domestic corporation, incorporated in Alabama on March 25, 2003. In its articles of incorporation, the principal business address was listed as 182 County Road 13, Autaugaville, AL 36003.

4. **ATAGI, INC. ("ATAGI")**, is a domestic corporation, incorporated in Alabama on August 15, 2013. In its articles of incorporation, the principal business address was listed as 925 South Memorial Drive, Prattville, AL 36067.

5. **HARRY JAMES WALKER ("WALKER")** is a Florida resident with a residential address of 1515 Northeast Beacon Drive, Apt. 606, Jensen Beach, FL 34957. **WALKER** was a shareholder of both **FHL** and **GLOBAL FIRST**. **WALKER** also served as an officer and/or member of the board of directors for **AUTAUGA BOTTLING** and **ATAGI**. From April 2012 through July 2013, **WALKER** came to Alabama to participate in the **AUTAUGA BOTTLING** business activities.

6. **CHRISTOPHER LEE YANNON ("YANNON")** is a Florida resident with a residential address of 9506 Minorca Way, Apt. 204, Palm Beach Gardens, FL 33418. **YANNON** was a shareholder of **FHL** and **GLOBAL FIRST**. **YANNON** also served as President of **FHL** and CFO of both **GLOBAL FIRST** and **AUTAUGA BOTTLING**. From April 2012 through November 2012, **YANNON** came to Alabama to participate in the **AUTAUGA BOTTLING** business activities.

STATEMENT OF FACTS

7. On July 25, 2013, the Commission staff received information that **WALKER** and **YANNON** were soliciting and/or selling securities to investors for the benefit of a water bottling plant located in Autaugaville, AL. The Commission staff began an investigation based on the information received.

8. **AUTAUGA BOTTLING** was originally incorporated by Clifford H. Davis ("Davis") in 2003. Davis owned and operated **AUTAUGA BOTTLING** as a water bottling business. **AUTAUGA BOTTLING** operated a water bottling plant at 244 County Road 165, Autaugaville, AL 36003, and owned all equipment related to the business. The real property at 244 County Road 165, on which the

bottling plant was located, was owned by Cliff Davis Properties, Inc., an Alabama corporation also owned by Davis. Davis owned 100% of the authorized shares of **AUTAUGA BOTTLING** and Cliff Davis Properties.

9. On or about April 9, 2012, **FHL** entered a contract to purchase **AUTAUGA BOTTLING** and Cliff Davis Properties. The contract was signed by **YANNON** on behalf of **FHL** and Davis on behalf of **AUTAUGA BOTTLING** and Cliff Davis Properties. The contract provided that **FHL** would acquire 100% of the stock of both **AUTAUGA BOTTLING** and Cliff Davis Properties, in exchange for the payment of a promissory note to Davis in the amount of \$2,000,000. The note was to be paid in full within eighteen months. The contract further provided that all shares of stock to be transferred to **FHL** would be held in trust/escrow with PNC Bank until such time as the note was paid in full. It also provided that **AUTAUGA BOTTLING** would retain ownership of the equipment and Cliff Davis Properties would retain ownership of the real property. The contract was notarized in Macon County, AL.

10. From June 2012 through July 2012, **GLOBAL FIRST** offered and issued corporate notes to investors located outside the State of Alabama. In the notes, **GLOBAL FIRST** listed **ATAGI** as a d/b/a name. Each note provided that **GLOBAL FIRST** would repay the investor's principal plus interest calculated at 18% per year within six months of the date of the note. The notes listed **GLOBAL FIRST**'s mailing address as 244 County Road 165, PO. Box 39, Autaugaville, Alabama 36003. The notes stated that they were further guaranteed by **AUTAUGA BOTTLING** and Cliff Davis Properties. All of these notes were signed by **YANNON** in his capacity as CFO of **GLOBAL FIRST**, CFO of **AUTAUGA BOTTLING**, and CFO of Cliff Davis Properties.

11. From June 2012 through July 2013, **WALKER** and **YANNON** solicited investments in **AUTAGA BOTTLING** to investors in Alabama and in other states. At least four Alabama investors purchased shares from **WALKER** within Alabama. Four known investors from other states purchased shares of stock in **AUTAUGA BOTTLING** from **YANNON**. Stock certificates were issued to these investors. The stock certificates are titled in the name of **AUTAUGA BOTTLING** and state that it is incorporated under the laws of the State of Alabama. The certificates were signed by **WALKER** in his capacity as President of **AUTAUGA BOTTLING**. At the time **WALKER** and **YANNON** sold these shares of stock, the amount due to Davis pursuant to the April 9, 2012 promissory note had not been paid.

12. In November 2012, production at the **AUTAUGA BOTTLING** plant in Autaugaville ceased.

13. The promissory note due to Davis for the purchase of **AUTAUGA BOTTLING** and Cliff Davis Properties was never paid in full. **FHL** paid Davis approximately \$36,000, with the last payment occurring in September 2012. Therefore, the stock in **AUTAUGA BOTTLING** was never released from trust/escrow at PNC Bank, and was due back to Davis when **FHL**'s payment obligations pursuant to the contract and promissory note were not completed.

14. A review of the registration files maintained at the offices of the Alabama Securities Commission revealed that neither **WALKER** nor **YANNON** have ever been registered to offer or sell securities in the State of Alabama. Additionally, neither **GLOBAL FIRST**, **AUTAUGA BOTTLING**, nor **ATAGI** has ever been registered; nor was there a filing for an exemption from registration; to issue, offer, or sell any security in the State of Alabama.

CONCLUSIONS OF LAW

15. Section 8-6-2(10), Code of Alabama 1975, defines notes and stock as securities. Therefore the investments offered and sold by **WALKER** and **YANNON** in **GLOBAL FIRST**, **AUTAUGA BOTTLING**, and/or **ATAGI** are securities as defined in the Act.

16. Section 8-6-2(5) Code of Alabama 1975 defines an issuer as "every person who proposes to issue, has issued, or shall hereafter issue any security." Section 8-6-2(7) Code of Alabama 1975 defines person to include "a corporation created under the laws of this or any other state." **GLOBAL FIRST**, **AUTAUGA BOTTLING**, and/or **ATAGI** by issuing securities, to wit: notes and stock, are issuers as defined in the Act.

17. Section 8-6-2(2) Code of Alabama 1975 defines an agent as "[a]ny individual other than a dealer who represents a dealer or issuer in effecting or attempting to effect sales of securities." A partner, officer, or director of a dealer or issuer is an agent if he otherwise comes within the definition. **WALKER**

and **YANNON**, by soliciting investors to purchase stock and/or notes on behalf of **GLOBAL FIRST**, **AUTAUGA BOTTLING**, and/or **ATAGI**, acted as agents as defined in the Act.

18. Pursuant to Section 8-6-3(a), Code of Alabama 1975, “[i]t is unlawful for any person to transact business in this state as a dealer or agent for securities unless he or she is registered under [the Act].” By offering and/or selling the stock and notes of **GLOBAL FIRST**, **AUTAUGA BOTTLING**, and/or **ATAGI** to investors, **WAKLER** and **YANNON** acted as agents of **GLOBAL FIRST**, **AUTAUGA BOTTLING**, and/or **ATAGI** while not being registered with the Commission, in violation of the Act.

19. Pursuant to Section 8-6-4, Code of Alabama, 1975, “[i]t is unlawful for any person to offer or sell any security in this state unless: (1) It is registered under [the Act]; (2) The security is exempt from registration under section 8-6-10; or (3) The transaction is exempt under section 8-6-11.” The stock and/or notes of **GLOBAL FIRST**, **AUTAUGA BOTTLING**, and **ATAGI** offered or sold by **WALKER** and **YANNON** were neither registered nor subject to a perfected exemption from registration in Alabama, and therefore were offered or sold in violation of the Act.

20. Pursuant to Section 8-6-17(a)(2), Code of Alabama, 1975, in connection with the offer or sale of a security, it is unlawful for any person to “[m]ake any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.” At the time **WALKER** and **YANNON** issued corporate notes for **GLOBAL FIRST**, backed by **AUTAUGA BOTTLING** and Cliff Davis Properties, they did not yet own **AUTAUGA BOTTLING** or Cliff Davis Properties, because the purchase contract had not been completed. Furthermore, at the time **WALKER** and **YANNON** sold shares of stock in **AUTAUGA BOTTLING** to investors, 100% of the authorized shares of **AUTAUGA BOTTLING** were being held in trust/escrow at PNC bank pending payment of the promissory note. The fact that the seller of a security has no right to sell said security is a material fact to an investor. When **WALKER** and **YANNON** offered and/or sold the corporate notes or stock to investors, they omitted to tell these facts to investors, in violation of the Act.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the State of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the State of Alabama.

Entered at Montgomery, AL, this 7th day of August, 2015.

ALABAMA SECURITIES COMMISSION
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BY:



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